



IN REPLY REFER TO:

United States Department of the Interior

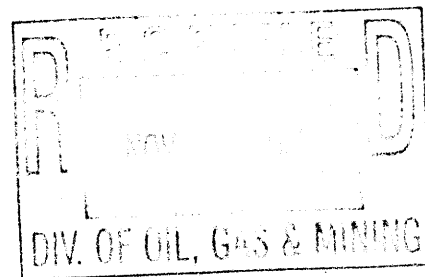
OFFICE OF SURFACE MINING

Reclamation and Enforcement

1999 Broadway, Suite 3320

Denver, Colorado 80202-5733

November 3, 1999



Mr. Lowell P. Braxton,
Division Director
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Decision Document to Approve a Phase II Bond Release at the UtahAmerican Energy, Inc., Horse Canyon Mine, Permit No. ACT/007/013, OSM No. UT-0022

Dear Mr. Braxton:

This letter acknowledges the Office of Surface Mining's (OSM) receipt and review of the subject decision document prepared by the Utah Division of Oil, Gas and Mining (DOGM). The Horse Canyon Mine is a Federal Underground Coal Mine via the extraction of leased Federal coal. The decision document approves the permittee's request for release of Phase II bond on 51.56 acres of private land (private surface ownership). Phase I bond was released on this area in 1997. OSM is in agreement with the decision document and hereby provides OSM concurrence to release Phase II bond liability on the above area in accordance with the Federal Regulations at 30 CFR 740.15(d)(3), and 30 CFR 944.30, Article IX, section B, of the Federal-State Federal lands cooperative agreement.

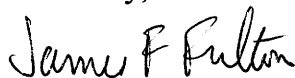
The decision document accurately describes the lands involved in the bond release request and also documents actions required by the permittee, including the notification of affected land owners. DOGM's decision document includes the findings required at Utah Rule R645-301-880 for the approval of a bond release request. The release area was reclaimed in 1990 and 1991. As noted above the area has received a Phase I bond release. The current bond amount is \$1,137,276 and the amount requested for release is \$280,164. DOGM's decision document recommends that \$191,672 be approved for the Phase II bond release request. This amount represents the request amount noted above less \$88,492 which is the amount necessary to revegetate the 51.56 acres in the event of revegetation failure during the remainder of the permittee's liability period for this area. OSM hereby concurs with the amount proposed by DOGM for Phase II bond release on the 51.56 acres.

The decision document thoroughly describes the revegetation and hydrologic demonstrations necessary for DOGM to determine that revegetation success on the release area is adequate to reduce erosion similar to off site areas. Revegetation cover requirements are that the reclaimed areas meet 90 percent of the reference area cover at 90 percent statistical confidence. Sediment loading in surface water runoff from the reclaimed areas has been demonstrated to be lower than similar sediment loading in runoff from premining conditions, and surface water runoff control structures (diversion ditches, culverts, and sediment ponds/water impoundments) have been approved by DOGM for either retention or removal. DOGM conducted the bond release inspection required at Utah Rule R645-301-880.210 on July 28, 1999, and the OSM Denver Field Division (DFD) participated in the inspection. The United States Department of the Interior, Bureau of Land Management (BLM) was invited to the inspection but did not attend. The BLM provided their concurrence (attached) for this release to DOGM on October 27, 1999. This inspection and other site evaluations noted in the decision document ensured compliance with DOGM's regulatory requirements for Phase II bond release and enabled DOGM to make the specific findings in the decision document.

OSM understands that the vegetation establishment on the release area meets the regulatory and permit requirements for vegetative cover and that vegetation is adequate to reduce erosion similar to off site levels. The permittee has met the Utah Coal Regulatory Program requirements at Utah Rule R645-301-880 for bond release including Public notice of the bond release application in the Sun Advocate and required notification of surface land owners on and adjacent to the release area. No adverse comments were received by DOGM. DOGM will notify the municipality in which the coal mining and reclamation activities are located by certified mail at least 30 days prior to actual release of monies for this Phase II bond release. ✓

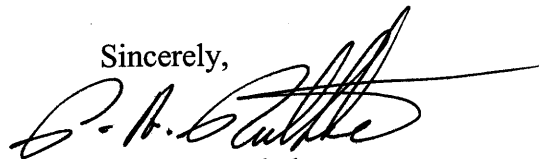
Thank you and your staff for coordinating this Federal lands bond release with the DFD. Please address any questions concerning this letter to Henry Austin, Reclamation Specialist, at haustin@osmre.gov or (303) 844-1400 X 1466.

Sincerely,



James F. Fulton, Chief
Denver Field Division

Sincerely,



Peter A. Rutledge
OSM/WRCC Bond Approving Officer

cc: UtahAmerican Energy, Inc., w/attach.

Utah BLM, w/attach.

Vicki Bryan, OSM, w/attach.

From: <George_Tetreault@ut.blm.gov>
To: "Pam Grubaugh-Littig" <NROGM.PGRUBAUG@state.ut.us>
Date: 10/27/99 1:46pm
Subject: Re: Horse Canyon Bond Release

Price Field Office
125 South 600 West
Price, Utah 84501

Ms. Pamela Grubaugh-Littig
Permit Supervisor
Utah Division of Oil, Gas and Mining
355 West North Temple Street
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: Phase II Bond Release, Intermountain Power Agency, Horse Canyon Mine,
ACT/007/013-97B

Dear Ms. Grubaugh-Littig:

We have reviewed the subject request for Phase II bond release for 51.56 acres of the Horse Canyon Mine. Our technical review concurs with the findings of the Utah Division of Oil, Gas and Mining that UtahAmerica Energy has met the requirements for approval of the Phase II bond release. Therefore, we have no objections to the Phase II bond release.

If you have any comments or questions, please contact George Tetreault at the Price River Resource Area Office at 636-3604.

Sincerely,

George Tetreault